

288

10 November 1976

PORTUGAL

The idealistic young military officers who overthrew the Caetano regime in April 1974 wanted a change from the rightwing dictatorship that had prevailed for 50 years, but their political naivete and confusion over what to replace it with kept the country in a state of turmoil for over two years. The inauguration last summer of a new government and a freely-elected president, General Antonio Ramalho Eanes, marked the victory of those who advocated democracy over those who hoped to install a Marxist state.

The Government: The Socialist minority government of Prime Minister Mario Soares, after more than three months in office, is coming under increasing criticism from both sides of the political spectrum, from a military ready to step in whenever it feels threatened, and from President Eanes, who wants tougher economic action than the Socialists have been willing to take so far. Time is running out for Soares to show he can tackle Portugal's problems, although a change in government is unlikely before the end of the year.

The Soares government has introduced a modest austerity program and has made an effort to correct abuses of the agrarian reform program by returning some illegally occupied lands to the original owners. Legislation is under way to regain some control over labor by clamping down on absenteeism and politics during working hours.

Stronger actions will have to be taken if the government hopes to make a dent in Portugal's economic problems and ensure its own survival.

--The Socialists have proceeded cautiously so far to avoid aggravating divisions between the left and right wings of the party and setting off Communist-inspired protests against harsh austerity measures.

CIM 76-10172

CONFIDENTIAL

CONFIDENTIAL

Approved For Release 2005/03/24 : CIA-RDP85T00353R000100340003-6

--The elimination of leftist Socialists from the cabinet--the agriculture minister resigned last week--may make it easier for Soares to implement the relatively conservative measures needed to place Portugal on the road to recovery. The extent of the Prime Minister's resolve is open to question, however.

The Opposition: The Communists thus far have shown little interest in fomenting unrest against the Socialist government.

--They appear to be directing their energies toward rebuilding their power base, which has dwindled with the party's loss of political standing last year.

--Communists still hope to eventually gain control of the government, but they probably realize they are not now in a position to take advantage of a Socialist government collapse if it should occur.

More strident opposition has come from the two parties to the right of the Socialists--the centrist Social Democratic Party, formerly known as the Popular Democrats, and the conservative Social Democratic Center.

--Both are undoubtedly trying to shore up their own images for the local elections to be held on December 12, in which they hope to pick up enough support to convince the Socialists to form a coalition government.

The Military: The armed forces, still the ultimate arbiter of power in Portugal, are frustrated with the continuing political bickering and the economic temporizing of the Soares administration. The armed forces suffer from internal dissension themselves, however, and a growing number of professional complaints are complicating the longstanding divisions between left and right.

25X1

CONFIDENTIAL

Approved For Release 2005/03/24 : CIA-RDP85T00353R000100340003-6

The President: President Eanes is concerned about the slow pace of economic recovery and the failure of the Socialists to take more dynamic steps. Should the Socialists fail to resolve their internal differences, Eanes may consider taking action himself.

- He would probably avoid a government change before the local elections, but if the situation has not improved by the beginning of the year, he may demand that the Socialists broaden their support through a coalition.
- Other alternatives may include returning to a military junta or Eanes' assumption of more powers for himself. His commitment to the constitution appears real, however, and he would probably try another civilian government before resorting to military rule.